

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

March 4, 2022

3:34 p.m.

**MEMBERS PRESENT**

Senator Joshua Revak, Chair  
Senator Peter Micciche, Vice Chair  
Senator Click Bishop  
Senator Natasha von Imhof  
Senator Jesse Kiehl  
Senator Scott Kawasaki

**MEMBERS ABSENT**

Senator Gary Stevens

**COMMITTEE CALENDAR**

PRESENTATION(S) . GAFFNEYCLINE ALASKA LNG

- HEARD

SENATE JOINT RESOLUTION NO. 24

Urging President Biden's Administration and the United States Congress to use the oil and gas resources of the state to offset the loss of imported oil and to increase oil and gas production in this state and other energy-producing states to fortify the economy and security of the nation.

- MOVED CSSJR 24 (RES) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SJR 24

SHORT TITLE: END IMPORT OF O&G FROM RUSSIA

SPONSOR(S) : RESOURCES

03/04/22	(S)	READ THE FIRST TIME - REFERRALS
03/04/22	(S)	RES
03/04/22	(S)	RES WAIVED PUBLIC HEARING NOTICE, RULE 23
03/04/22	(S)	RES AT 3:30 PM BUTROVICH 205

## **WITNESS REGISTER**

NICK FULFORD, Senior Director  
Gas and Energy Transition  
Gaffney, Cline and Associates  
Houston, Texas.

**POSITION STATEMENT:** Delivered the Alaska Gas & LNG Advisory presentation.

MICHAEL CLINE, Director  
Corporate Strategy  
Gaffney, Cline and Associates  
Cobham, England, United Kingdom

**POSITION STATEMENT:** Participated in the Alaska Gas & LNG Advisory presentation.

MIKE COONS, representing self  
Palmer, Alaska

**POSITION STATEMENT:** Testified in support of SJR 24.

## **ACTION NARRATIVE**

[3:34:13 PM](#)

**CHAIR JOSHUA REVAK** called the Senate Resources Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators Kawasaki, Kiehl, von Imhof, Micciche, Bishop, and Chair Revak.

### **PRESENTATION(s) . GAFFNEYCLINE ALASKA LNG**

[3:35:10 PM](#)

**CHAIR REVAK** announced the Alaska LNG presentation by Gaffney Cline.

[3:35:39 PM](#)

**MICHAEL CLINE**, Director, Corporate Strategy, Gaffney, Cline and Associates, Cobham, England, United Kingdom, introduced himself.

[3:35:44 PM](#)

**NICK FULFORD**, Senior Director, Gas and Energy Transition, Gaffney, Cline and Associates, Houston, Texas, introduced himself.

[3:36:31 PM](#)

**MR. FULFORD** expressed appreciation for the opportunity to discuss monetizing gas in Alaska. He noted the two prior efforts

were 1) to export natural gas by pipeline to the Lower 48 and 2) to liquefy the natural gas in Cook Inlet and export the LNG from an appropriate deep-water port.

MR. FULFORD highlighted that in the 2010-2013 timeframe, the potential to export LNG to the Lower 48 evaporated due to discoveries of large quantities of unconventional natural gas in the U.S. This eliminated what could have been a substantial market for Alaska LNG and created a significant competitive force through Gulf Coast LNG exports. He attributed passage of Senate Bill 138 in 2014 for setting the stage for the current concept of the project, but acknowledged attempts since then to get a project going that is sponsored by IOCs or state agencies.

MR. FULFORD acknowledged that the LNG industry generally has faced cost inflation the last few years, but said the largest hurdle continues to be how to develop some \$40 billion in infrastructure and still deliver cost-effective gas to buyers worldwide. The other feature is competition. For example, production costs of LNG in Qatar is low and its recent 32-million ton expansion fills a very significant tranche of the global market. Projects in Mozambique, Mauritania, and Tanzania are also able to compete effectively and represent the competition.

MR. FULFORD highlighted the notable structural advantages of Alaska LNG compared to LNG projects around the world. One is the low cost of the feedstock because it is produced as a result of the very substantial investments in oil production. He suggested that to some extent it should be possible to leverage those investments and produce a feedstock for the plant that is very low in cost. He said the other feature, which arguably has become more important, is that Alaska represents a potential source of gas to Pacific gas buyers, which is where the growth in the LNG market resides. This is increasingly important, given the current concerns with U.S. LNG exports from the Gulf going to Europe.

[3:41:10 PM](#)

MR. FULFORD turned to slide 3 and discussed global market changes in the last few years. He said this has probably been the most difficult time for the LNG industry in its entire history. A significant structural oversupply began in about 2018 due to increases in U.S. Gulf Coast production without sufficient demand, and the COVID-19 pandemic in 2020 tipped the balance further. It created an unsustainable investment climate

for LNG and a loss-making climate for many of the buyers who were already present.

MR. FULFORD identified price volatility as nearly an equal problem because it could make LNG an unsustainable choice of fuel in the future. He also highlighted the need for a stable economic environment and terms that allow the billions of dollars of investment to be paid off over a period of decades rather than years. He predicted that a more global price would emerge as LNG becomes more fungible and more is flowing worldwide.

MR. FULFORD said the other feature worth mentioning is the increased effort to look for lower carbon ways to deliver LNG and find a way to meet both customer and investor requirements for a lower carbon project. He noted that some major LNG producers like Shell and TotalEnergies have started offering net zero cargos to their customers. He predicted increasing pressure to deliver a lower carbon product, but acknowledged the impediment of the current political situation in Europe.

3:45:46 PM

SENATOR KIEHL asked how countries are analyzing the carbon intensity of a fuel source.

MR. FULFORD answered that for a typical LNG product, about 25 percent of the carbon emissions occur during production at the wellhead, transport to the liquefaction plant, and regasification. The remaining 75 percent is related to burning the fuel. He said the terms Scope 1, 2, and 3 are applied to the entire energy value chain. Scope 1 and 2 typically relates to the direct and indirect use of energy to produce the fuel and Scope 3 relates to burning the fuel. Some of the net zero LNG cargos focus entirely on Scope 1 and 2 while others focus on Scope 1, 2, and 3. He said this makes it difficult to analyze, but in Europe, in particular, it is retail customer use that provides a sense of the carbon intensity for that fuel source. He acknowledged that the definition of fuels that are net zero or carbon free was still evolving.

SENATOR KIEHL offered his understanding that Alaska North Slope gas would have a Scope 1 advantage because of established infrastructure and discovered gas and a Scope 2 disadvantage due to the long pipe. The analysis of Scope 3 would be that gas would beat oil.

MR. FULFORD offered a redefinition. Scope 1 would be high because of compressors in the pipeline and exchangers in the liquefaction plant. Scope 2 would be the electricity used to run the plant, which might come from somewhere else that is producing carbon. Scope 3 is the delivery of the natural gas to the customer who burns it for heat or other things.

SENATOR KIEHL said that was helpful.

3:49:20 PM

MR. FULFORD turned to slide 4, Natural gas price volatility 2020-2022. He acknowledged that in the last two weeks natural gas has been propelled to the forefront of the geopolitical debate and international discussion because Europe is vulnerable to imported Russian gas. The imports and payment for Russian gas currently are outside the sanctions that have been imposed, but European gas buyers are still uneasy and wholesale prices in Europe have increased steeply. Today the price is about \$60 per Btu, which is equivalent to \$400 per barrel of oil. Estimated cost in the UK last year was 700 pounds and next spring is projected to be as high as 3,000 pounds.

MR. FULFORD highlighted that the volatility and sharp focus on gas strengthens the position of Alaska gas. It is an environment that investors are accustomed to and it represents a vast undeveloped source of fuel for Asian markets. He opined that the recent events have caused strategic buyers to think about where they can secure a safe, secure supply of natural gas. He noted that he gives the State Department an update every six months and he knows that the opportunity to expand U.S. influence globally through this very significant resource is high on their agenda.

He suggested Mr. Cline comment on the oil market and the similar geopolitical shocks that occur.

3:53:52 PM

SENATOR BISHOP asked how Alaska can capitalize on North Slope gas when lending institutions on the East Coast won't invest in Arctic projects.

MR. FULFORD said it is a problem but he believes that if the usual players decline to fund various projects there will be others that will be willing, although on different terms.

3:57:52 PM

SENATOR VON IMHOF wondered whether the war in Ukraine might be a paradigm shift in terms of access to capital. She asked: 1) how long will price volatility last; 2) will there be a paradigm shift up for a long period; 3) how long will it take for an Alaskan project to come to fruition; 4) will other projects beat Alaska to the punch; 5) does it matter or is all the gas needed because Russian gas will potentially be gone; and 6) when does Alaska make the go or no-go decision.

MR. FULFORD said those questions accurately portray some of the timing considerations about monetizing Alaskan gas. However, even if a decision were made today, gas would not leave the North Slope for at least four or five years. He offered his belief that there will be a degree of paradigm shift because the energy security of Europe has always been a concern. Many of those concerns have been downplayed, but clearly there are material risks when Russia is a significant supplier of gas to Europe. He posited that this would accelerate the transition to natural gas in Europe because people are already uneasy about the use of fossil fuels. However, any meaningful transition to lower carbon energy will take even longer than monetizing Alaska natural gas because massive infrastructure changes will be needed.

[4:01:17 PM](#)

MR. CLINE agreed that the paradigm shift will be around energy security. He referenced the OPEC embargos that changed the perspective on crude oil supplies. At that time the Middle East was not just a supplier of oil, it was a strategic link to economic security. He opined that what has happened in Ukraine has made it clear that countries ought to be thinking about locking in energy security for long term supplies of gas in a treaty-like relationship. He suggested that this may be an opportunity for Alaska and make it easier to get financing. Monetizing North Slope gas has become more strategic than an individual project.

[4:03:15 PM](#)

SENATOR MICCICHE shared his philosophy that a country that is able to provide its own energy security must do so. This would not slow the progress of alternative and renewable energy; it would be complementary.

He mentioned meetings this week in New York with top leadership from lending institutions and relayed his frustration that they have drawn an arbitrary line in Alaska to protect the Arctic National Wildlife Refuge (ANWR). Despite the fact that Alaska

has best of class Environmental, Social and Governance (ESG) processes, financial institutions are rewarding other arbitrary lines. He wondered whether Alaska gas would be appreciated more if the price started with a premium then dropped to regular prices.

[4:07:17 PM](#)

SENATOR KAWASAKI highlighted that BP, Chevron, and Exxon have either exited or are in the process of exiting Russia. He asked if those are some of the long-term signals that Senator von Imhof mentioned or if smaller companies will take those places.

MR. CLINE replied that may happen but it is unprecedented to have such a quick and drastic movement away from Russian interests. It is a dramatic signal that this is being taken very seriously and the Kremlin ought to be worried.

MR. FULFORD agreed with Mr. Cline's comments regarding the significance and speed of some of the recent events. He said he believes that the problems that Russia is starting to encounter in exporting its own gas will be exacerbated rapidly by the exit of those companies.

SENATOR KAWASAKI said he didn't realize that ConocoPhillips exited Russia entirely after the Crimean invasion and did not return. He asked if it was normal for companies to leave like that and never return.

[4:09:50 PM](#)

MR. CLINE said he believes it would be hard for companies to justify returning. He admitted that he was very surprised by BP's announcement to exit its shareholding in Rosneft because it is such a large financial decision. However, if it does happen as announced, he did not see BP returning to Russia.

CHAIR REVAK noted the tight timeline for the meeting.

[4:10:42 PM](#)

MR. FULFORD skipped to slide 5 and focused on the point, "Future years may well be more stable." He said the U.S. entry into LNG has been very quick and it has introduced a more entrepreneurial trading-based approach. The noticeable effect was the reduction in price in the 2018-2019 timeframe. However, as more LNG carriers move around the world in response to price fluctuations, the more the gas industry is able to stabilize and commoditize, similar to what oil has done. He said he believes that in 5-10 years the ever increasing flow of gas between major

markets around the world will bring a degree of stability. That will make it easier to establish a true value for gas globally and provide a more sustainable outlook for lenders who even now are becoming more accommodating of gas indices.

[4:13:09 PM](#)

MR. FULFORD turned to slide 6 and observed that one effect of the volatile LNG industry the last couple of years is that a number of projects that were only months away from a financial investment decision had to postpone their plans due to low prices. He highlighted the significant investment Qatar made in LNG last year that would emerge in the next 2-3 years. The U.S. Gulf Coast has also seen a flurry of LNG activity recently, particularly Chinese buyers who realize the importance of securing a long-term, committed supply of gas. In terms of the overall outlook, he said it is clear that significant LNG demands will reappear by about 2027. It could be even sooner if China's current trajectory continues. Regardless of the assumptions about the LNG transition, he said oil and gas and LNG in particular remains a very robust market.

[4:15:45 PM](#)

SENATOR KAWASAKI read the bolded text near the bottom of slide 6, "...this could be the last chance to monetize the substantial gas resources in a traditional manner." He asked what the phrase means and what the definition is of a traditional manner.

MR. FULFORD said gas resources in Alaska have the potential to be monetized in many different ways. The current concept of production on the North Slope looks increasingly like a relatively high cost solution in today's world, particularly as the carbon intensity of LNG becomes more important. In terms of monetizing natural gas in the traditional manner, the potential for an ice breaking type of fleet to pick up LNG directly from the North Slope could arguably be seen as less traditional. Also, with technologies like blue hydrogen and blue ammonia, the North Slope is arguably well positioned to produce hydrogen or ammonia, sequestering the carbon appropriately and producing what effectively would be a zero carbon fuel using the gas. He acknowledged that the ideas were well down the road, but worth significant investigation in the context of the Alaskan economy.

[4:18:34 PM](#)

SENATOR BISHOP observed that the energy market is fickle. For example, when the state was looking at building a pipeline to Alberta and on to the Lower 48, import terminals were being

built on the Gulf Coast. Those became export terminals, which demonstrates how fast the market can change.

SENATOR MICCICHE followed up on Senator Kawasaki's question. He asked how Gaffney Cline evaluates the risk of supply availability when it can change so dramatically from the Final Investment Decision (FID) through construction.

MR. FOLFORD answered that Gaffney Cline evaluates most of the significant gas developments around the world on a continuing basis, which provides insight into what the industry is doing. In the context of evaluating supply risk, the top question is whether the project will remain viable. Typically, the company does a comparative study of existing and potential LNG. He acknowledged that the example Senator Bishop cited, of the extraordinary revolution in technology that reversed many of the underlying assumptions in the Lower 48, was a black swan event that Gaffney Cline probably would not have been able to predict years in advance.

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SENATOR VON IMHOF referenced the last bullet point on slide 6 that identifies a new window of opportunity for Alaska. It read as follows:

However, AK LNG will require very large capital investments and the State will need to weigh the risks carefully.

She asked if the State of Alaska would pay for this very large capital investment or if it would be China, Exxon or a combination. She asked how this is handled in other places. The next question is about the size of that investment and whether it has risen or fallen over the last several years. She also asked if the numbers in the Wood Mackenzie report were accurate.

MR FULFORD responded that Alaska's economy is so inextricably linked to its oil and gas resources, monetizing those resources is more akin to a Middle Eastern country or nation whose economy is similarly linked to oil and gas. Alaska is different than Texas or Louisiana that have an array of privately funded LNG projects. Arguably, the model used elsewhere in the world that involves higher state involvement is appropriate for Alaska. It might help get the project launched. He deferred the question about the estimated cost until later in the presentation.

[4:25:20 PM](#)

MR. FULFORD displayed slide 7 and said that in the interest of time, he would mention just a few of the features on the slide regarding competitive levers and risks. He talked about feedgas, project structure, and partners and financing.

**Feedgas.** In Alaska, an array of competent upstream providers are operating significant assets that would form the basis for the LNG project. The makeup of an LNG project typically would involve one of those significant upstream stakeholders. That has been the case in previous projects but is not necessarily the case at the moment.

Forming a partnership with the feedgas producer and establishing a project structure which creates alignment along the value chain is most important. He offered his professional view that the question of alignment and trust among stakeholders is the feature that accelerates development most quickly.

**Project Structure** That last observation also relates to the project structure where typically there are three broad concepts used for LNG. One is a fully integrated project, which ultimately was envisioned in the early days after Senate Bill 138. Another is a merchant project where one buys the gas from the producer and then sells it on into the LNG project. The third is a tolling structure where the pipeline and liquefaction is treated separately as an infrastructure project that operates under a tariff. He said a tolling type structure can often lend itself to a host government involvement so the project structure is definitely an area to consider.

**Partners & Financing** One facet of de-risking a project is equity marketing. This would apply in Mozambique, Senegal, and many of the current LNG projects where the project developers themselves sign an LNG purchase contract thereby providing the basis for the finance.

[4:29:30 PM](#)

MR. FULFORD moved to slide 8 and talked a little more about feedgas. He offered his understanding that Prudhoe Bay is approaching the blowdown phase so monetizing the gas will become more and more important. Because a lot of the capital investment has been made and paid for through oil revenues, there is the potential for a much lower cost of gas. He said it depends on the upstream economics, but there should be a very strong case to produce natural gas from the North Slope at a relatively low cost.

MR. FULFORD directed attention to the graph on slide 9 that provides an opportunity to talk about the cost base of the project. He highlighted two features. The first is the basic upfront cost of the capital investment in the infrastructure. He acknowledged that AGDC had done some work on this and noted that he read the report that Wood Mackenzie produced. He noted that the assumptions in the report came from AGDC, but it was not possible to tell the basis of some of those numbers.

MR. FULFORD said he noticed that the cost of the gas processing plant and the pipeline remain a little less than was envisioned a few years ago, but the cost of the liquefaction plant came down quite significantly. He said he was not sure when those estimates were made, but with the current cost of steel and the cost headwinds facing most oil and gas developments, it's a cost reduction from a 2015 number. He opined that the current steel market seems a challenge and pointed to the example of the transboundary oil pipeline in Canada. It started out with a similar budget to the gasline from the North Slope to Cook Inlet but has since inflated significantly. He said that provides a context in terms of the current market.

SENATOR VON IMHOF asked how one estimates the cost of a gas liquefaction facility in Prudhoe Bay. She noted that he gave a bit of an answer when he mentioned Alberta.

MR. FULFORD suggested that LNG Canada was a good metric. Public domain data indicates that project would have a 40-50 percent cost disadvantage compared to the Gulf Coast. He said that is understandable given the seasonal building and remoteness of the facility. That project is building a gas pipeline across the Rocky Mountains and it has encountered headwinds. To estimate such a project, one would conduct a front end engineering design for the feedstock and that would go to an EPC [Engineering, Procurement, and Construction] company to provide an estimate. Then the LNG community would secure either fixed price or limited variation contracts with the EPC contractors to address some of the cost inflation issues. For the Gulf Coast, he said the degree of capital efficiency applied to those EPC contracts has proven to be very effective.

MR. FULFORD added commentary in the context of the Wood Mackenzie report and AGDC's numbers. He recalled that two-thirds to three-fourths of the cost reduction in the report relates to financing. Specifically, it envisions a federal loan guarantee and a project structured to de-risk the infrastructure element. He said he had no issue with the math and the way they derived

the assumptions but to analyze the financing arrangements it would be necessary to dig into the likely project structure and look at some of the benefits.

He noted that Mr. Cline had some experience with de-risking through financing.

[4:36:40 PM](#)

MR. CLINE said his reaction to the Wood Mackenzie report is that it may be possible to use those financial mechanisms to reduce the cost, but he did not have a clear sense of whether it is a bankable project. More examination of the way the financial mechanisms relate to the assumptions is needed.

[4:37:28 PM](#)

SENATOR REVAK asked for a brief explanation of the key differences in the cost of liquefaction in Alaska versus the Gulf Coast or Canada.

MR. FULFORD replied it is a question of how the project is financed, how it is de-risked to the point that the cost of debt is very low, and how that fits in with the LNG sales and the balance sheets at the end of the supply chain.

MR. FULFORD noted that he already discussed most of the points on slide 10 about financing challenges and potential investors. In addition to the question of financing, he said another feature that may give rise to some concern is the CO2 handling and the potential for such a significant presence of CO2 in the gas and the resulting energy intensity that goes with that.

In terms of financing, he said LNG still attracts a high grade of financial discipline. Some very material banking groups continue to support LNG and it's attracting some large players, which would be of key importance to Alaska going forward. For example, some Canadian pension funds are more amenable to resource type investments. That is an example that there are still entities that are interested in this type of investment.

[4:42:52 PM](#)

MR. FULFORD briefly discussed slide 11 regarding the question of selling LNG in an increasingly carbon orientated world. He said the high CO2 content of North Slope gas may add to some of the concerns and difficulties, but it may also represent an opportunity. The fairly significant carbon tax credit for any type of carbon capture could go up, particularly if it could help form part of a lower carbon type project. He noted that

there are other allowances and credits available too. He mentioned the Infrastructure Investment and Jobs Act and noted that there are some additional measures being considered in Washington that potentially could have a beneficial effect too, should they pass.

[4:44:20 PM](#)

MR. FULFORD hesitated on slide 12 to further discuss the potential role for the state. He noted that he already talked about the role of the Alaska government in facilitating monetization of the gas, and in other committees he had talked about the availability of fiscal incentives. In that context, he said it's clear that it is a prerequisite to provide an environment that makes it profitable for both the resource holder and the state to produce gas for the LNG project. He suggested that the state could also potentially facilitate the project through carbon capture and sequestration. For example, Freeport LNG in Texas is reducing the carbon footprint of its gas by capturing the CO2 from the gas treatment plant and sequestering it geologically. They're claiming the \$50 credit for doing that, so it's not only helping the marketability of the LNG but it is also providing a stream of revenue.

He noted that he already talked about financial structuring and the very significant impact of lowering the risk profile. Returning to Senator von Imhof's question about the role the state takes, he said whether it involves direct investment or some kind of guarantee or support for other mechanisms to de-risk the project for investors and participants, that involvement is a powerful tool in bringing a scheme on board.

MR. FULFORD said the idea that there is a premium available for gas that is low carbon is definitely catching on. Again, he said it would probably require some kind of state support. He highlighted the particular opportunity in Alaska is for communities such as Fairbanks to use gas to significantly lower both heating and generating costs, again with state support.

[4:48:27 PM](#)

SENATOR KIEHL mentioned the talk about state support and observed that the stand outs in the slide are fiscal upstream incentives to lower the price of gas at the wellhead, and lower exploration and production tax revenues being offset by employment [along the value chain]. However, neither of those aligns with Alaska's fiscal regime. He pointed out that as the resource owner, lower prices for the resource is not necessarily in the owner's interest, and there is no offset from enhanced

employment around the state. He asked how the recommendations might be made to work for Alaska's fiscal regime or if it needs to change to make those incentives possible.

MR. FULFORD said he could imagine an LNG-specific mechanism that provides for faster pay back on the investment in exchange for higher state revenues over the longer term. He added that most LNG projects worldwide rely on enabling legislation which is specific to the LNG project. In Alaska the enabling legislation might aim to provide an appropriate investment climate for the project. He deferred further response on the fiscal incentives upstream to Mr. Cline

[4:51:12 PM](#)

MR. CLINE added that in many jurisdictions worldwide, states are very proactive in supporting upstream operations, particularly in a down market. For example, in 2020 Norway essentially de-risked exploration by rebating drilling costs on an annual basis. He noted that Alaska already has some tax incentives for wells, which is helpful.

[4:52:21 PM](#)

SENATOR MICCICHE observed that he had only pointed out the few levers the state can pull to improve the economics of the project. He did not mention the things the state cannot control such as the inflation of carbon steel products, design and development, or the cost of transportation. He asked if that was correct.

MR. CLINE replied that is correct. The state can't do anything about the resource potential or the federal regulatory issues, but the state does have control over incentives and creating a fiscally stable environment. He opined that those measures could make a difference.

[4:53:54 PM](#)

MR. FULFORD turned to slide 13 and noted that it summarizes the discussion today. He paraphrased the bullet points that read as follows:

To maximize potential for major gas exports to drive economic growth:

- Foster environment that minimizes wellhead breakeven cost
  - Balanced and competitive fiscal terms
- Develop creative and stable project structure

- Align interests of State, gas producers and project lenders

MR. FULFORD described a stable project structure as perhaps the most important feature because it has the potential to save years of pre-project discussion to align the parties. In this case it is a question of aligning the interests of the state, the gas producers, and the project lenders.

- Leverage Federal policies to develop lower carbon energy technologies / investments:
  - Tailor to low carbon developments supporting natural gas exports

MR. FULFORD also highlighted the potential for federal policies to materially improve the economics of the project, particularly in the context of a loan guarantee and resulting lower financing.

- Creating supportive State policies for low carbon monetization technologies
  - Blue Hydrogen, Blue Ammonia and CCUS

MR. FULFORD stressed that to be competitive from the perspective of lenders and customers, a robust emissions strategy would need to accompany the development of the project.

- Leverage green and other financing and credit mechanisms to lower the cost of debt
  - To offset substantial pre-productive capital needs

[4:56:30 PM](#)

SENATOR VON IMHOF thanked Mr. Fulford for showing up in person and thoroughly answering the members' questions. She expressed hope about staying in touch as the session progresses.

SENATOR MICCICHE asked why the breakdown on page 9 didn't include the need for a contingency since there is an enhanced need today. He also observed that getting into the \$7-\$9 range to compete with the other projects would be more difficult now than ever.

MR. FULFORD replied that the project has strong features so there is definitely an avenue to be pursued with the financing cost, particularly with current federal policies. However, it

would be wrong to characterize the cost challenges as easy to address.

CHAIR REVAK thanked the presenters and stated his intention for this to be part of a larger discussion.

[5:00:34 PM](#)

At ease

#### **SJR 24-END IMPORT OF O&G FROM RUSSIA**

[5:03:35 PM](#)

CHAIR REVAK reconvened the meeting and announced the consideration of SENATE JOINT RESOLUTION NO. 24 Urging President Biden's Administration and the United States Congress to use the oil and gas resources of the state to offset the loss of imported oil and to increase oil and gas production in this state and other energy-producing states to fortify the economy and security of the nation.

CHAIR REVAK thanked the members for working with his office to improve the resolution. He said it shows that protecting democracy and democratic ideals abroad is a bipartisan issue.

He solicited a motion to adopt the committee substitute (CS).

[5:04:13 PM](#)

SENATOR KIEHL moved to adopt the work draft committee substitute (CS) for SJR 24, work order 32-LS1619\B, as the working document.

CHAIR REVAK objected for discussion purposes. He stated that the committee worked together on the resolution and the CS makes small changes to strengthen the message.

[5:04:54 PM](#)

CHAIR REVAK removed his objection. Finding no further objection, the committee substitute for SJR 24, version B, was adopted.

CHAIR REVAK said he believes the speech he made on the floor was clear but he wanted to reiterate the importance of moving away from depending on resources that are produced in authoritarian regimes that have no regard for the environment, public safety or human life as has been very clearly seen this last week in Ukraine.

He read the following RESOLVES, and noted there may be an amendment.

BE IT RESOLVED that the Alaska State Legislature urges President Biden's Administration and the United States Congress to allow the nation to use the oil and gas resources currently available in the state to offset the loss of imported oil; and be it

FURTHER RESOLVED that the Alaska State Legislature urges President Biden's Administration and the United States Congress to unleash national production in this state and other energy-producing states to fortify the economy and security of the nation.

[5:06:39 PM](#)

CHAIR REVAK opened public testimony on SJR 24.

[5:07:05 PM](#)

MIKE COONS, representing self, Palmer, Alaska, testified in support of SJR 24. He stated that Vladimir Putin invaded Ukraine for power and oil. He is a dictator and tyrant whereas President Volodymyr Zelenskyy of Ukraine is the lone "good guy." He noted that Hungary, Rumania, and Poland were taking in refugees. [Recording is garbled.]

[5:09:17 PM](#)

CHAIR REVAK closed public testimony on SJR 24.

He asked if there were amendments.

[5:09:27 PM](#)

SENATOR MICCICHE moved Conceptual Amendment 1 to SJR 24.

#### **CONCEPTUAL AMENDMENT 1**

Page 2, line 22:  
Delete "this"  
Insert "a"

Page 2, line 22, following "state"  
Insert "recognized as a global leader and best in class in environmental, social and governance (ESG) performance, that"

CHAIR REVAK objected for an explanation.

SENATOR MICCICHE stated that the amendment includes what the Chair mentioned in his speech on the Senate floor about the superiority of Alaskan production.

SENATOR MICCICHE read the WHEREAS with the conceptual amendment.

WHEREAS, because development sites around Alaska hold the potential of billions of barrels of oil, oil and gas produced in a state recognized as a global leader and best in class in environmental, social and governance (ESG) performance, that can fill the void left from stopping Russian Federation imports, thereby eliminating national dependence on authoritarian energy producers abroad;

[5:11:22 PM](#)

CHAIR REVAK described the amendment as friendly and removed his objection. Finding no further objection, Conceptual Amendment 1 to SJR 24 passed.

CHAIR REVAK found no questions or comments and solicited a motion.

[5:11:58 PM](#)

SENATOR MICCICHE moved to report the CS for SJR 24(RES), work order 32-LS1619\B as conceptually amended, from committee with individual recommendations and attached fiscal note(s).

CHAIR REVAK found no objection and CSSJR 24(RES) moved from the Senate Resources Standing Committee

[5:13:10 PM](#)

There being no further business to come before the committee, Chair Revak adjourned the Senate Resources Standing Committee meeting at 5:13 p.m.